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Washington, DC
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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8-65786

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

CastleOak Securities, L.P.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

110 East 59th Street

(No. and Street)

New York

(City)

New York

(State)

10022

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Philip Ippolito

212-294-4788

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

(Name - if individual, state last, first, middle name)

Two World Financial Center

(Address)

New York

(City)

New York

(State)

10281

(Zip Code)

CHECK ONE:

☒

Certified Public Accountant

☐

Public Accountant

☐

Accountant not resident in United States or any of its possessions.

PROCESSED

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J THOMSON
FINANCIAL

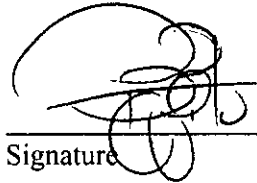
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).
SEC 1410 (06-02)

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AFFIRMATION

I, Philip Ippolito, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to CastleOak Securities, L.P. for the year ended December 31, 2007, are true and correct. I further affirm that neither the Partnership, nor any partner, principal officer, or director has any proprietary interest in any account classified solely as that of a customer.



Signature

Chief Financial Officer
Title



Notary Public

TREASA CHENNIKARA
Notary Public, State of New York
No. 01CH6130322
Qualified in New York County
Commission Expires July 13, 2009

CastleOak Securities, L.P.
(SEC. ID No. 8-65786)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2007
AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTAL REPORT ON INTERNAL CONTROL

Filed pursuant to Rule 17a-5(e)(3) under the
Securities Exchange Act of 1934
as a PUBLIC DOCUMENT.

FEB 29 2008

Washington, DC
102

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414
USA

Tel: +1 212 436 2000
Fax: +1 212 436 5000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Partners of CastleOak Securities, L.P.:

We have audited the accompanying statement of financial condition of CastleOak Securities, L.P. (the "Partnership") as of December 31, 2007, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of CastleOak Securities, L.P. at December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 28, 2008

CASTLEOAK SECURITIES, L.P.

STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2007 (Dollars in thousands)

ASSETS

Cash	\$ 76
Securities purchased under agreement to resell with related parties	6,379
Receivables from customers	968
Receivables from related broker-dealers	121
Receivables from affiliates	91
Forgivable loan receivables from employees (net of amortization of \$202)	28
Fixed assets (net of accumulated depreciation of \$6)	10
Other assets	<u>228</u>
Total assets	<u>\$ 7,901</u>

LIABILITIES AND PARTNERS' CAPITAL

Accrued compensation payable	\$ 1,635
Accounts payable and accrued liabilities	33
Payables to affiliates	<u>142</u>
Total liabilities	1,810
Partners' Capital	<u>6,091</u>
Total liabilities and Partners' Capital	<u>\$ 7,901</u>

See Notes to Statement of Financial Condition.

CASTLEOAK SECURITIES, L.P.

NOTES TO STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2007
(DOLLARS IN THOUSANDS)

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business — CastleOak Securities, L.P. (the "Partnership"), formerly known as BGC Markets, L.P. ("BGCM"), is a limited partnership organized under the laws of the state of Delaware. The Partnership is a registered broker-dealer in securities. The Partnership is owned by CastleOak Management, LLC ("COM" – 55.7%) and CastleOak Management Holdings, LLC ("COMH" – 44.3%). COMH is a wholly owned subsidiary of Cantor Fitzgerald, L.P. and subsidiaries ("CFLP").

The Partnership engages primarily in institutional brokerage, specializing in capital market issuance, underwriting group participation and private placement of securities, which are supported by a sales and trading team specializing in equity and fixed income products. The Partnership's counterparty transactions are given up to Cantor Fitzgerald & Co. ("CF&CO"), a subsidiary of CFLP, for clearance and settlement on a fully-disclosed basis.

Basis of Presentation — The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities in the statement of financial condition. Management believes that the estimates utilized in preparing the statement of financial condition are reasonable and prudent. Estimates, by their nature, are based on judgment and available information. As such, actual results could differ materially from the estimates included in the statement of financial condition.

Securities Purchased under Agreements to Resell — Securities purchased under agreements to resell ("Reverse Repurchase Agreements") are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be repurchased, including accrued interest. It is the policy of the Partnership to obtain possession of collateral with a market value equal to, or in excess of, the principal amount loaned under Reverse Repurchase Agreements. Collateral is valued daily and the Partnership may require counterparties to deposit additional collateral when appropriate.

Fixed Assets — Fixed assets are recorded at historical cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over their estimated economic useful lives, generally three to five years.

Fair Value of Financial Instruments — Substantially, all of the Partnership's financial instruments are carried at fair value or amounts which approximate fair value. The Partnership's remaining financial instruments are generally short-term in nature and liquidate at their carrying value.

Income Taxes — The Partnership is taxed as a U.S. partnership. Under applicable federal and state laws, the taxable income or loss of a limited partnership is allocated to each partner based upon their ownership interest. Each partner's tax status, in turn, determines the appropriate income tax for its

allocated share of taxable income or loss. The Partnership is also subject to the Unincorporated Business Tax (UBT) in the city of New York.

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of SFAS Statement No. 109* ("FIN No. 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Partnership's statement of financial condition and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in an income tax return. FIN No. 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of FIN No. 48 on January 1, 2007, did not have a material impact on the Partnership's statement of financial condition.

New Accounting Pronouncements — In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which is effective for the Partnership's fiscal year beginning January 1, 2008. SFAS No. 157 defines fair value as the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and further expands disclosures about such fair value measurements. In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of SFAS Statement No. 115* ("SFAS 159"), which is effective for the Partnership's fiscal year beginning January 1, 2008. SFAS No. 159 permits entities to elect to measure many financial instruments at fair value. Upon adoption of SFAS No. 159, an entity may elect fair value option for eligible items that exist at the adoption date. Subsequent to the initial adoption, the election of the fair value option should only be made at initial recognition of the asset or liability or upon a re-measurement event that gives rise to new-basis accounting. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value nor does it eliminate disclosure requirements included in other accounting standards. The adoption of SFAS No. 157 and SFAS No. 159 will not have a material effect on the Partnership's statement of financial condition.

2. RELATED PARTY TRANSACTIONS

Collateralized Transactions — At December 31, 2007, the Partnership had accepted collateral that it is permitted by contract or custom to sell or repledge, in connection with a Reverse Repurchase Agreement entered into with Cantor Fitzgerald & Co. At December 31, 2007, the fair value of the US Treasury that was pledged as collateral was \$6,736. This collateral was not repledged.

Receivables Related Broker-Dealers — CF&CO provides clearing and settlement services, under contractual agreements, to the Partnership. In connection with these services, CF&CO collects the brokerage revenue and remits to the Partnership on a monthly basis. In addition, CF&CO charges fees on a per-ticket basis, dependent upon the product traded.

CFLP also provides the Partnership with administrative services and other support for which they charge the Partnership based on the cost of providing these services. Such support includes utilization of fixed assets, accounting, operations, human resources, and legal services.

Affiliate-related balances included in the statement of financial condition are as follows:

ASSETS:

Securities purchased under agreement to resell with related parties	\$ 6,379
Receivables from related broker-dealers	121
Receivables from affiliates	<u>91</u>

Total assets	<u>\$ 6,591</u>
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LIABILITIES —

Payables to affiliates	<u>\$ 142</u>
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3. EMPLOYEE BENEFIT PLANS

Through its Administrative Services Agreement with CFLP, employees of the Partnership are eligible to participate in the eSpeed, Inc. Deferral Plan for Employees of Cantor Fitzgerald, L.P. and its Affiliates (the "Plan"), whereby eligible employees may elect to defer a portion of their salary by directing the Partnership to contribute withheld amounts to the Plan. The Plan is available to all employees of the Partnership meeting certain eligibility requirements and is subject to the provisions of the Employee Retirement Income Security Act of 1974.

4. INCOME TAXES

For the year ended December 31, 2007, there was no provision for UBT recorded due to a net operating loss ("NOL") carryforward. The Partnership had a UBT net operating loss carryforward into 2007 of \$5,332 and UBT taxable income for the year ended December 31, 2007, of \$2,301. A full valuation allowance has been established against the deferred UBT tax asset. The valuation allowance relates to the remaining NOL carryforward of \$3,031 because there is significant uncertainty as to its ultimate realization.

5. REGULATORY REQUIREMENTS

As a registered broker-dealer, the Partnership is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and maintains minimum net capital of \$121. At December 31, 2007, the Partnership had net capital of \$5,242, which was \$5,121 in excess of its required net capital, and \$1,810 in aggregate indebtedness.

6. COMMITMENTS AND CONTINGENT LIABILITIES

Legal Matters — In the ordinary course of business, various legal actions are brought and are pending or threatened against the Partnership. In accordance with SFAS Statement No. 5, *Accounting for Contingencies*, the Partnership will accrue a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In many lawsuits and arbitrations, including almost all of the class action lawsuits, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until the case is close to resolution, in which case no accrual is made until that time. The Partnership has not been named as a defendant in any legal actions, including arbitrations, class actions, and other litigation arising in connection with its activities.

Risks and Uncertainties — The Partnership generates revenues by providing securities brokerage, trading, and underwriting activities to institutional customers. Revenues for these services are transaction based. As a result, the Partnership's revenue could vary based on the transaction volume of the global financial markets.

Other Commitments — In the normal course of business, the Partnership enters into commitments for underwriting transactions. Settlement of these transactions as of December 31, 2007, would not have had a material effect on the financial condition of the Partnership.

7. COUNTERPARTY CREDIT RISK

Credit risk arises from the possibility that a counterparty to a transaction might fail to perform according to the terms of the contract, which could result in the Partnership incurring losses. As a securities broker-dealer, the Partnership is engaged in various brokerage activities, servicing a diverse group of domestic and foreign corporations, governments, and institutional and individual investors. A substantial portion of the Partnership's transactions are fully collateralized or are executed with, and on behalf of, institutional investors, including major brokers and dealers, money center and other commercial banks, insurance companies, pension plans, and other financial institutions. The Partnership's exposure to the risk of incurring losses associated with the nonperformance of these counterparties in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets, which may impair the counterparties' ability to satisfy their obligations to the Partnership. The Partnership monitors counterparty activity daily and does not anticipate nonperformance by counterparties. The Partnership has a policy of periodically reviewing the credit standing of each counterparty with which it conducts business.

* * * * *

February 28, 2008

CastleOak Securities, L.P.
110 East 59th Street
New York, NY 10022

Dear Sirs:

In planning and performing our audit of the financial statements of CastleOak Securities, L.P. (the "Partnership") as of and for the year ended December 31, 2007 (on which we issued our report dated February 28, 2008), in accordance with auditing standards generally accepted in the United States of America, we considered the Partnership's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Partnership, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Partnership in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Partnership does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Partnership is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

CastleOak Securities, L.P.

February 28, 2008

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A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Partnership's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

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